

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT
701 COMMERCE STREET
DALLAS, TEXAS 75202

MICHAEL E. ROPER
Commerce Counsel

214-651-6741

RECORDATION NO. 14304 Filed 1425

MAR 30 1984 -12 40 PM

INTERSTATE COMMERCE COMMISSION
Secretary
Interstate Commerce Commission
12th and Constitution Ave., N.W.
Washington, DC 20423

No. 4-190-881

Date MAR 30 1984

Fee \$100.00

In reply refer to: 410.043-95

March 29, 1984

RECORDATION NO. 14304/B Filed 1425

RECORDATION NO. 14304 Filed 1425

MAR 30 1984 -12 40 PM
INTERSTATE COMMERCE COMMISSION

Dear Secretary:

I have enclosed five original copies of the documents described below to be recorded pursuant to Section 11303 of Title 49 of the U. S. Code.

The first document to be recorded is a Lease, a primary document dated as of March 28, 1984. The second document is a Conditional Sale Agreement dated as of March 28, 1984, accompanied by an Agreement and Assignment dated as of March 28, 1984, both of which are considered to be one primary document for filing fee purposes.

We request that this Agreement and Assignment be cross-indexed.

The names and addresses of the parties to the documents are:

Lease: Lessor -- CIS Leasing Corp., 445 Washington, San Francisco, California, 94111
Lessee -- Missouri-Kansas-Texas Railroad Company, 701 Commerce, Dallas, TX 75202

Conditional Sale Agreement:

Vendor -- Southwestern States Management Co., 701 Commerce, Dallas, TX 75202
Vendee -- CIS Leasing Corp., 445 Washington, San Francisco, California, 94111

Agreement and Assignment:

Vendor -- Southwestern States Management Co., 701 Commerce, Dallas, TX 75202
Assignee-- CIS Rail Corporation, 445 Washington, San Francisco, California, 94111

A description of the equipment covered by the documents is as follows:

30 RBL - Insulated railcars, 60-ft., 100-ton cushioned underframe equipped with bulkhead loading devices, built in 1968, bearing the following MKT numbers:

8802	8812-14	8828-35	8846
8804	8820-21	8837	8849-50
8806	8823	8839	8854
8810	8826	8841-44	8858

FEE OPERATION BR.
MAR 30 12 33 PM '84

Completed Peter B. Shaw

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

LAW DEPARTMENT

Secretary, ICC

- 2 -

March 29, 1984

A fee of \$100 is enclosed. Please return the original and three copies of each of the above documents to me.

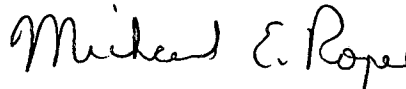
A short summary of the documentation to appear in the index is as follows:

Lease between CIS Leasing Corp., 445 Washington, San Francisco, CA 94111, Lessor, and Missouri-Kansas-Texas Railroad Company, 701 Commerce, Dallas, TX 75202, Lessee, dated as of March 28, 1984, covering 30 railcars.

Conditional Sale Agreement between Southwestern States Management Co., 701 Commerce, Dallas, TX 75202, Vendor, and CIS Leasing Corp., 445 Washington, San Francisco, CA, 94111, Vendee, dated as of March 28, 1984.

Agreement and Assignment between Southwestern States Management Co., 701 Commerce, Dallas, TX 75202, Vendor, and CIS Rail Corporation, 445 Washington, San Francisco, CA 94111, Assignee, dated as of March 28, 1984.

Very truly yours,



Michael E. Roper

MER:vas
Enclosures

Interstate Commerce Commission
Washington, D.C. 20423

3/30/84

OFFICE OF THE SECRETARY

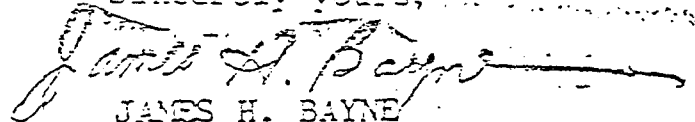
Michael E. Roper
Commerce Counsel
Missouri-Kansas-Texas Railroad Co.
701 Commerce Street
Dallas, Texas 75202

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **3/30/84** at **12:40pm** and assigned re-recording number(s). **14304, 14304-A & 14304-B**

Sincerely yours,


JAMES H. BAYNE
Secretary

Enclosure(s)

SE-30
(7/79)

MAR 30 1984 -12 50 PM

LEASE

INTERNAL COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT, dated as of March 28, 1984, between CIS LEASING CORP., a New York corporation (hereinafter called Lessor), and Missouri-Kansas-Texas Railroad Company, a Delaware corporation (hereinafter called Lessee).

W I T N E S S E T H

WHEREAS, Lessee desires to lease 30 used sixty foot RBL railcars described on Schedule A attached hereto (hereinafter collectively called the Equipment, and individually called Units) from Lessor;

WHEREAS, Lessor desires to lease the Equipment to Lessee;

WHEREAS, the Equipment is currently owned by Southwestern States Management Company (hereafter called SSMC), a wholly owned subsidiary of Lessee, and is under the possession and control of Lessee, and the consummation of this transaction is contingent upon the purchase of the Equipment by Lessor;

WHEREAS, the consummation of this lease is further contingent upon the execution of a Conditional Sale Agreement between SSMC as vendor, and Lessor hereunder, as vendee, and the assignment of said Conditional Sale Agreement and Lessee's rights to rental payments under this Lease to CIS Rail Corporation (said corporation or any assignee thereof are hereinafter called Assignee) in connection with a non-recourse loan from Assignee to Lessor made in connection with the purchase of the Units by Lessor;

WHEREAS, Lessor desires to finance the cost of the Equipment and Assignee has agreed to such financing pursuant to the terms of a Participation Agreement between Lessor, Lessee and Assignee dated as of the date hereof (hereinafter called the Participation Agreement);

NOW, THEREFORE, it is hereby agreed as follows:

Section 1. Delivery. (1) Lessee is in possession of the Equipment as of the effective date of this Lease. Lessee acknowledges that each Unit is in good order and, without further instrument of lease or transfer, is subject after the lease commencement date to all the terms and conditions of this Lease.

(2) Lessee shall not by virtue of this Lease or the possession or use of the Equipment by Lessee under or pursuant to this Lease or of anything permitted to be done by Lessee hereunder in respect of the Equipment, acquire title to or any equity in the Equipment or any Unit. Any rights of Lessee in respect to the Equipment shall constitute a leasehold interest only.

SECTION 2. Term of Lease; Termination. (1) The term of this Lease as to each Unit shall commence upon the date of purchase of such Unit by Lessor from SSMC ("lease commencement date") and, subject to the provisions of Section 19 hereof, shall terminate eight and one-half years from the last day of the calendar month in which the lease commencement date occurs.

(2) Subject to the provisions of Section 4 hereof, from and after the date of execution hereof until the expiration or termination of the term hereof, this Lease shall not be subject to termination by Lessor, except pursuant to Section 19 hereof upon the occurrence of an Event of Default, or by Lessee.

SECTION 3. Rentals. (1) Lessee agrees to pay to Lessor as rental for the Equipment the following amounts:

(a) On the last day of the quarterly period following the month in which the lease commencement date occurred, and on the last day of each quarterly period thereafter during the term of this Lease (each such date being a "Rental Payment Date"), Lessee shall pay to Lessor for each Unit leased hereunder an amount equal to the applicable rental set forth in Schedule B attached hereto. Rental for any Unit subject to this Lease for less than a full rental period which includes the period from the lease commencement date to the last day of the month in which the lease commencement date occurs, shall be prorated for that period at the per diem rental rate set forth on Schedule B hereto times the number of days during such period that the Unit was subject to this Lease.

(b) Sums sufficient to enable the Lessor to meet the out-of-pocket expenses incurred by Lessor in connection with the institution of any action or proceeding to enforce the terms hereof; provided, however, that Lessee shall have no liability hereunder with respect to out-of-pocket expenses incurred by Lessor in the course of administration and performance (as distinct from the enforcement) of said instruments. All rentals accrued pursuant to this paragraph (b) shall be payable by Lessee from time to time forthwith upon delivery to Lessee of an invoice or invoices setting forth the amount of such rentals then due.

(2) Lessee will pay, to the extent legally enforceable, interest at the greater of 16.5% per annum or 2% per annum in excess of the rate of interest announced from time to time by Chemical Bank as its "prime rate" (hereinafter called the "Prime Rate") upon all rentals remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease, anything herein contained to the contrary notwithstanding.

(3) All computations hereunder shall be made on the basis of a 365-day year of actual days.

(4) All payments provided for in this Lease, other than rentals accrued pursuant to subparagraph (b) of paragraph (1) of this Section 3, and any other payments hereunder not assigned, shall be paid in lawful money of the United States in immediately available funds at such place as any assignee of any such payments shall reasonably require. It agreed that payment by draft satisfies this requirement.

(5) This Lease is a net Lease and Lessee shall not be entitled to any abatement of rent, reduction thereof (except as otherwise expressly provided herein) or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of Lessee against Lessor under this Lease or otherwise; nor except as otherwise expressly provided herein shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatsoever cause, the prohibition of or other restriction against Lessee's use of all or any of the Units, the interference with such use by any private person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

SECTION 4. Subordination of Lease to Conditional Sale Agreement. (1) Anything herein to the contrary notwithstanding, this Lease and the interest of Lessee in the Equipment shall in all respects be subject and subordinate to all the terms, conditions and provisions of the Conditional Sale Agreement, and the documents described therein including the remedies therein upon the happening of an event of default to be defined therein.

(2) If an event of default, as defined in the Conditional Sale Agreement, or the documents described therein shall occur and Assignee exercises any of the remedies to which it is entitled thereunder and thereby acquires the interest of Lessor under the Lease, Lessee agrees to attorn to Assignee or its nominee or designee and recognize Assignee or said nominee or designee as its Lessor under the Lease and, in such event, the Lease shall continue in full force and effect as a direct lease between Assignee or said nominee or designee and Lessee upon all the then executory terms, covenants and conditions of the Lease, except that Assignee shall not (i) be liable for any previous act or omission by Lessor under the Lease or (ii) be subject to any offset which shall have theretofore accrued to Lessee against Lessor. Upon request of Assignee, Lessee shall promptly execute and deliver to Assignee an agreement confirming Lessee's attornment.

SECTION 5. Covenants, Representations and Warranties.

(a) Lessor covenants, represents and warrants that:

- (i) As of the lease commencement date, each Unit will be free and clear of all liens and encumbrances of any nature whatsoever arising out of any act or omission of Lessor, except only the rights of Lessee hereunder and the title and interest of Assignee under the Conditional Sale Agreement and the documents described therein, and except for rights of any persons or entities claiming by, through or under Lessee, and for liens for taxes, assessments or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment, or materialmen's mechanics', workmen's, repairmen's, employee's or other like liens arising in the ordinary course of business and not delinquent.
- (ii) It is a duly organized and validly existing corporation in good standing under the laws of the State of New York, qualified to do business in all jurisdictions in which qualification is required in order for it to carry out the transactions contemplated by this Lease; and empowered and authorized to own its properties and carry on its business as now or hereafter conducted.
- (iii) The execution and delivery of this Lease have been duly authorized and will not contravene any provision of law or of its articles of incorporation or by-laws and will not contravene or constitute a default under the provisions of any agreement or other instrument binding upon it; and this Lease is a valid and binding obligation of the Lessor.
- (iv) No governmental authorization or approvals are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Equipment hereunder for the rentals and on the other terms and conditions herein provided, or, if any such are so required they have been so obtained, and, if any such are hereafter required, they will be promptly obtained.
- (v) No litigation or administrative proceedings are pending or, to the best knowledge of Lessor, threatened against Lessor, the adverse determination of which would affect the validity of this Lease or the rights of Lessor or its successors hereunder.

(b) Lessee covenants, represents and warrants that:

- (i) It is a duly organized and validly existing corporation in good standing under the laws of the State of Delaware, qualified to do business in all jurisdictions in which qualification is required in order for it to carry out the

transactions contemplated by this Lease; and empowered and authorized to own its properties and carry on its business as now or hereafter conducted.

- (ii) The execution and delivery of this Lease are within its corporate powers, have been authorized by proper corporate proceedings and will not contravene any provision of law or of its charter or by-laws and will not contravene or constitute a default under the provisions of any agreement or other instrument binding upon it; and this Lease is a valid and binding obligation of the Lessee.
- (iii) No governmental authorization or approvals are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Equipment hereunder for the rentals and on the other terms and conditions herein provided, or, if any such are so required they have been so obtained, and, if any such are hereafter required, they will be promptly obtained.
- (iv) No litigation or administrative proceedings are pending or, to the best knowledge of Lessee, threatened against Lessee, the adverse determination of which would affect the validity of this Lease or the rights of Lessor or its successors hereunder.

SECTION 6. Taxes. All payments to be made by Lessee hereunder will be free of expense to Lessor and Assignee for collection or other charges and will be free of expense to Lessor and Assignee with respect to the amount of any local, State or Federal taxes (other than the Federal income tax payable by Lessor in consequence of the receipt of payments provided herein and other than State or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the State and city in which Lessor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license fees (and any charges, fines or penalties in connection therewith) hereafter levied or imposed upon or in connection with or measured by, this Lease or any rental, use, payment, shipment, delivery or transfer of title under the terms hereof or any assignment or participation or interest in any assignment hereof, all of which expenses, taxes, assessments, license fees, charges, fines and penalties Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. Lessee will also pay promptly all taxes (other than taxes referred to in the first parenthetical of this Section 6), assessments or license fees (and any charges, fines or penalties in connection therewith) which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon Lessor or Assignee solely by reason of its ownership thereof, and will keep at all times all and every part of such Unit free and clear of all taxes and assessments which might in any way affect the title of Lessor or Assignee or result in a lien upon any such Unit and will supply Lessor and Assignee with a receipt or other evidence of such payment satisfactory to Lessor and

Assignee; provided, however, that Lessee shall be under no obligation to pay any taxes, assessments, license fees, charges, fines or penalties of any kind (hereinafter called "impositions") so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of Lessor and Assignee, adversely affect the property or rights of Lessor or Assignee hereunder or under the Conditional Sale Agreement, or other documents described therein. If any impositions shall have been charged or levied against Lessor or Assignee directly and paid by Lessor, or Assignee Lessee shall reimburse Lessor or Assignee as the case may be, on presentation of an invoice therefor.

In the event that, during the continuance of this Lease, Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this Section 6, such liability shall continue, notwithstanding the expiration of the term of this Lease, until all such impositions are paid or reimbursed by Lessee.

SECTION 7. Marking of Equipment. (1) Lessee will cause to be maintained distinctly and conspicuously on each side of such Unit, in letters not less than one inch in height, the following legend:

OWNERSHIP SUBJECT TO A SECURITY AGREEMENT
FILED WITH THE INTERSTATE COMMERCE COMMISSION

with appropriate changes thereof and additions thereto as from time to time may be required by law and designated by Lessor or Assignee in order to protect the rights of Lessor under this Lease and of Assignee under Conditional Sale Agreement, or other documents described therein. In case during the continuance of this Lease any such legend shall at any time be removed, defaced, destroyed or become illegible in whole or in part, Lessee will at its expense immediately cause the same to be restored or replaced.

(2) Lessee will not permit the identifying number of any Unit to be changed except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with Assignee and Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease, the Conditional Sale Agreement, or other documents described therein shall have been filed, recorded or deposited.

(3) Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership thereof by any person other than any person in whom title to the Equipment or any Unit may be vested, but Lessee may letter the Equipment with such names or initials or other insignia as are customarily used by Lessee on its identification of the right of Lessee to use and operate the Equipment under this Lease.

SECTION 8. Insurance. Lessee will maintain at its sole cost and expense at all times during the continuance of this Lease (and thereafter while each of the Units is being collected for delivery to Lessor on lines of railroad of Lessee and so long as any Unit shall be located thereon or

stored by Lessee) general liability insurance policies, with Lessor named as an additional insured, which shall protect Lessor against risks arising out of the condition, maintenance, use and operation of the Equipment, having limits for bodily injury or death of not less than \$25,000,000 and limits for property damage occurring to the property of others of not less than \$4,000,000, per occurrence. Such policies may have such deductibles as are usual and customary for Class I railroads operating within the United States. It is acknowledged by the parties that as of the date hereof the deductibles on Lessee's current policies do not exceed \$1,000,000. Lessor shall be furnished with certificates of all such policies, which certificates shall provide that in the event of material change or cancellation of any such policy the company issuing such certificate(s) will provide Lessor with ten days' prior written notice thereof. If Lessee shall fail to provide for the foregoing insurance, Lessor may procure such insurance, and Lessee shall, upon demand, reimburse Lessor for all outlays for such insurance, with interest thereon computed at the greater of 16.5% per annum or 2% per annum over the Prime Rate. As used in this Section 8, the term "Lessor" shall include any assignee of Lessor (including Assignee). Lessor at its option, cost and expense may obtain policies of insurance providing coverage with respect to the Units in addition to the coverage required by this Section 8 to be maintained by Lessee. Lessee will also carry and maintain at its sole cost and expense with respect to the Equipment such other insurance as is at least comparable in amounts and against risks customarily insured against by the Lessee in respect of equipment owned or leased by it similar in nature to the Units.

SECTION 9. Payment for Casualty Occurrences. (1) In the event that any Unit shall be or become worn out, lost, stolen, destroyed or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (such occurrences being hereinafter called "Casualty Occurrences") during the term of this Lease, Lessee shall within eight days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully inform Lessor and Assignee in regard thereto. On the next succeeding Rental Payment Date Lessee shall pay to Lessor an amount equal to the accrued rental for such Unit to the date of such payment plus a sum equal to the Casualty Value of such Unit as of the date of such payment in accordance with Schedule C hereto. Upon the making of such payment by Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) Lessor shall be entitled to recover possession of such Unit. Except as hereinabove in this Section 9 provided, Lessee shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Unit after the lease commencement date.

(2) Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale (net of expenses) to the extent they do not exceed the Casualty Value of such Unit and shall pay any excess to the Lessor.

SECTION 10. Maintenance and Repair. (1) Lessee will at all times maintain and keep each Unit in as good operating order, repair and condition as when delivered pursuant to Section 1 hereof, ordinary wear and tear excepted, and in as good operating order, repair and condition as other equipment of similar type and vintage owned or leased by Lessee, and, subject to the provisions of Section 9 hereof, in case of damage thereto by fire, accident or otherwise will promptly repair the Unit or Units so damaged and restore them to operating order, all without expense to Lessor.

(2) All parts and accessories installed on, incorporated in or attached to any Unit and any replacements thereto shall be considered accessions to such Unit and, without cost or expense to Lessor, full ownership thereof shall be immediately vested in Lessor.

SECTION 11. Compliance with Laws, Rules and Regulations. During the term of this Lease, Lessee will comply in all respects with all laws, rules and regulations of the jurisdictions in which the Units are operated, with the interchange rules of the Association of American Railroads (or of any successor thereto) and with all lawful rules of the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws, rules and regulations affect the operation, maintenance or use of the Equipment or any additional equipment or appliances thereof; and in the event that such laws, rules or regulations require alteration of any of the Equipment, Lessee will conform therewith, at its expense, and will maintain the Equipment in proper condition for operation under such laws, rules and regulations; provided, however, that Lessee may, in good faith, contest the validity or application of any such law, rule or regulation in any reasonable manner which does not, in the opinion of Lessor adversely affect the property or rights created or purported to be created hereunder.

SECTION 12. Reports and Inspections. (1) During the term of this Lease, Lessee will furnish, on or before March 1 in each year, commencing with the year 1985, to Lessor and Assignee an accurate statement, signed by the President, a Vice President or the Chief Mechanical Officer of Lessee, showing, as at the next preceeding December 31, the amount, description and numbers of the Units then leased hereunder, the amount, description and numbers of all Units that may have been worn out, lost, destroyed, irreparably damaged or otherwise having suffered a Casualty Occurrence whether by accident or otherwise, during the preceding calendar year, the numbers of the Units then undergoing repairs and awaiting repairs, and such other information regarding the condition and state of repair of the Equipment as Lessor may reasonable request. Together with such statement, Lessee will also furnish to Lessor and Assignee a statement signed by a Vice President or the Chief Mechanical Office of Lessee, stating that, in the case of all Units repaired or repainted during the preceding calendar year, the legend required by Section 7 hereof has been preserved or replaced. Lessor and Assignee shall have the right, by its agents, but shall be under no obligation, to inspect the Equipment and the records of Lessee relating to the Equipment and to Lessee's obligations hereunder at any reasonable times during the continuance of this Lease.

(2) Lessee agrees to prepare and deliver to Lessor and Assignee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of Lessor or Assignee) any and all reports to be filed by Lessor or Assignee with any Federal, State or other regulatory authority by reason of the ownership of Lessor or Assignee of the Units or the leasing by Lessor thereof to Lessee.

SECTION 13. Possession and Use. Subject to the provisions of Section 4 hereof, Lessee, in the absence of the occurrence or continuance of an event of default hereunder, shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or upon lines of railroad over which Lessee or any such corporation has trackage or other rights and upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except that Lessee may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic or pursuant to run-through arrangements. Lessee agrees that during the term of this Lease it will not permit any Unit to be taken or used outside the United States of America and Canada, except that Lessee may use the Units in Mexico for periods not to exceed six (6) consecutive months per Unit, nor in excess of six (6) months per Unit in a single calendar year.

SECTION 14. Prohibition against Liens. Lessee will pay or cause to be paid, or otherwise satisfy and discharge, any and all sums claimed by any party by, through or under Lessee or its successors or assigns which, if unpaid, might become a lien or a charge upon the Equipment, or any Unit, or the rentals payable by Lessee hereunder, equal or superior to the title or claim of Lessor thereto, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of Lessor, adversely affect the property or rights created or purported to be created hereunder.

SECTION 15. Lessee's Indemnities. Lessee agrees to indemnify and save harmless Lessor, Assignee and any person in whom title to the Equipment or any Unit may be vested, and any assignee of any interest in this Lease from and against all losses, damages, injuries, liabilities, claims, suits, judgments, costs, expenses and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including counsel fees, arising out of the entering into or the performance of this Lease, the Conditional Sale Agreement, or the documents described therein, or the ownership of the Equipment by Lessor, Assignee or any assignee, or the use and operation of the Equipment by Lessee or any other person during the continuance of this Lease; provided that Lessee shall not be liable for any costs and expenses incurred by Lessor or Assignee, including counsel fees, incurred in connection with the negotiation and preparation of this Lease and the Participation Agreement and the documents described therein. Notwithstanding the foregoing, Lessee shall not be required to make any indemnification for any claim which arises from the gross negligence or willful misconduct of Lessor. In the event Lessee is required to indemnify any person under this Section 15, Lessee shall pay the person indemnified an amount which, after deduction of all taxes required to be paid by said

person in respect of the receipt thereof under the laws of the United States or of any state or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits, or allowances in respect of the payment of the expense indemnified against and of any other such taxes), shall be equal to the amount of such required indemnity. This covenant of indemnity shall continue in full force and effect notwithstanding the termination of this Lease in any manner whatsoever, and/or the complete discharge by Lessee of its obligations under this Lease.

SECTION 16. Warranties. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESSED OR IMPLIED, AS TO THE FITNESS, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN THE EQUIPMENT LEASED BY LESSEE HEREUNDER, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO ANY PATENTED FEATURES THEREOF OR AS TO THE TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR AS TO THE INTEREST THEREIN OF LESSOR, it being agreed that all such risks, as between Lessor and Lessee, are to be born by Lessee.

SECTION 17. Patent Indemnity. Lessee hereby agrees to indemnify, protect and hold harmless Lessor, Assignee and any person in whom title to the Equipment or any Unit may be vested, and any assignee of any interest in this Lease, from any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Lessor, Assignee or any such person or assignee because of the use in or about the construction or operation of the Equipment, or any Unit, of any design specified by Lessee, or articles and materials specified by Lessee and not manufactured by the manufacturer of that Unit, which infringes or is claimed to infringe, on any patent or other right.

SECTION 18. Assignment. (1) All or any of the rights, benefits and advantages of Lessor hereunder, including without limitation the right to receive payment of rental with respect to one or more Units or any other payment under this Lease with respect to such Unit or Units, may be assigned or transferred by Lessor and reassigned or retransferred by any assignee at any time and from time to time. No such assignment shall relieve Lessor from or, unless expressly provided to that effect, subject any assignee to any obligation of Lessor hereunder. To the extent assigned, all rights of Lessor hereunder (including, but not limited to, the rights under Section 19 hereof) shall inure to the benefit of Lessor's assigns. If Lessor shall give written notice to Lessee stating the identity and post-office address of any assignee entitled to receive future rentals and/or other sums payable by Lessee hereunder, Lessee shall thereafter make the payments designated in such notice to the designated assignee.

(2) Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer or encumber its leasehold interest under this Lease in any of the Units or sublet any of the Units, except to the extent that the provisions of any existing mortgages or indentures affecting property of Lessee may attach to the leasehold interest of Lessee or require the same to be subjected thereto and except that Lessee may assign and transfer its leasehold interest hereunder in the Equipment and the possession

thereof to any railroad which shall have duly assumed by a written instrument satisfactory to Lessor and Assignee all of the obligations hereunder of Lessee and into or with which Lessee shall have merged or consolidated or which railroad shall have acquired the property of Lessee as an entirety or substantially as an entirety. Any assignment prohibited by this Section shall be void.

SECTION 19. Events of Default; Remedies. (1) If, during the continuance of this Lease, one or more of the following events (herein called "Events of Default") shall occur and be continuing:

- (a) default shall be made in the payment of any part of the rental provided in Sections 3 or 21 hereof and such default shall continue for ten (10) days; or
- (b) Lessee shall make or permit any unauthorized assignment or transfer of this Lease or of possession of any of the Units; or
- (c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of Lessee contained herein or in the Participation Agreement and such default shall continue unremedied for 30 days after written notice from Lessor to Lessee specifying the default and requesting that the same be remedied; or
- (d) a decree or order by a court or other public body or authority having jurisdiction in the premises shall have been entered and not dismissed within sixty days thereafter
 - (1) adjudging Lessee a bankrupt or insolvent, or
 - (2) approving as properly filed a petition seeking reorganization of Lessee under Title 11 of the United States Code or any other State or Federal law relating to bankruptcy or insolvency, except a petition filed under Title 49, Sections 11361-11367 of the United States Code as now in effect, or under any similar law enacted hereafter, if such law does not permit any adjustment or impairment of any obligations of the Lessee contained herein; or
 - (3) for the appointment of a receiver or liquidator or trustee in bankruptcy or insolvency of Lessee or of its property or any substantial portion of its property, or
 - (4) for the winding-up or liquidation of affairs, of Lessee, and within thirty (30) days thereafter the obligations of Lessee hereunder shall not have been assumed by the receiver or trustee, if any, in such proceedings, pursuant to a decree or order of such court or otherwise, in such manner that they shall have been given a status comparable to that of obligations incurred by a receiver in bankruptcy or insolvency proceedings which cannot later be rejected by a plan or reorganization;

- (e) Any representation or warranty made by the Lessee in this Lease, the Participation Agreement or any document delivered by Lessee in connection herewith or therewith shall prove to be incorrect in any material respect when made or given;

then, in any such case Lessor, at its option, may:

(I) proceed by appropriate court action or actions either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or

(II) by notice in writing to Lessee terminate this Lease as of a date not less than ten (10) days after such notice, whereupon all right of Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as herein provided; and thereupon Lessee shall deliver possession of the Equipment to Lessor in accordance with Section 20 hereof and Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns, to use the Units for any purposes whatever; but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid, including rentals accruing hereunder after the date of default (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee:

- (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to the Units, which represents the excess of (x) the present worth, at the time of such termination, of the aggregate of the rentals for the Units which would otherwise have accrued hereunder from the date of such termination by its terms but for the Event of Default which resulted in termination hereunder over (y) the then present worth of the fair rental value of such Units for such period, such present value to be computed in each case on a basis of 10% per annum discount, compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; plus interest commencing on the date of such notice on such excess at the Prime Rate as of the date of such Notice. Such present worths are to be computed in each case by discounting such rental payments at a rate of 10% per annum compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated.
- (ii) any damages or expenses, including reasonable attorney's fees, in addition thereto which Lessor shall have sustained by reason of the breach of any covenant or covenants of this

Lease other than for the payment of rental, including, without limitation, expenses of sale or re-leasing (including incidental transportation costs incurred by Lessor), and

- (iii) apply moneys then held by it hereunder to amounts due to Lessor hereunder, including damages and expenses referred to in Clause (ii) of this Section 19.

2. Lessor may at its election waive any Event of Default and its consequences and rescind and annul any such notice of termination or notice of sale of the Units by notice to Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no Event of Default had occurred and no such notice had been given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by Lessee that time is of the essence of this Lease and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

3. Each and every power and remedy hereby specifically given to Lessor shall be in addition to every other power and remedy specifically so given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time or simultaneously and as often and in such order as may be deemed expedient by Lessor. All such powers and remedies shall be cumulative and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of Lessor in the exercise of any power or remedy herein provided or otherwise available to Lessor and no renewal or extension of any payments due hereunder or other indulgence duly granted to Lessee shall impair any such power or remedy or shall be construed to be a waiver of any default or any acquiescence therein. Acceptance by Lessor of any payment after it shall have become due hereunder shall not be deemed to alter or affect Lessee's obligations or Lessor's rights hereunder with respect to any subsequent payments or any prior or subsequent default hereunder. In the event that Lessor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit Lessor may recover reasonable expenses, including attorneys's fees, and the amount thereof shall be included in such judgment.

4. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law.

SECTION 20. Return of Equipment Upon Termination of Lease. (1) Upon termination of this Lease (including termination pursuant to Section 19 hereof), Lessee shall forthwith deliver possession of the Equipment to Lessor in good order and repair, ordinary wear and tear excepted, and in condition satisfactory for interchange service under rules of the Association of American Railroads (or any successor). For the purpose of delivering possession of any Unit or Units to Lessor as above required, Lessee shall at its own cost and expense forthwith assemble such Unit or Units and place them upon such storage tracks of Lessee as Lessor may reasonably designate, and Lessee shall permit Lessor to store such Unit or Units on such tracks at the risk of Lessee for a period of not exceeding six months

until Lessor shall have leased, sold or otherwise disposed thereof, free of charge to Lessor, and shall, at the cost and expense of Lessee, transport the same or any thereof, at any time within such six month period, to any place or places on the lines of railroad operated by it or its affiliates or to any connecting carrier for shipment, all as directed by Lessor. The assembling, delivery, storage and transporting of such Unit or Units, as hereinbefore provided, are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so as to assemble, deliver, store and transport such Unit or Units. During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any such Unit, to inspect the same, provided that Lessor or persons designated by it execute appropriate releases of liability for personal injury, in form provided by Lessee.

(2) Without in any way limiting the obligations of Lessee under the foregoing provisions of this Section, Lessee hereby irrevocably appoints Lessor and any assignee of any rights hereunder, and each of them, as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Unit to Lessor, to demand and take possession of such Unit in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith Lessee will supply Lessor with such documents as Lessor may reasonably request.

SECTION 21. Options. Lessee may elect to purchase all, and not less than all, the Units at the end of the eight and one-half year base lease term for "Fair Market Value". This option must be exercised by written notice delivered to Lessor not more than 180 days and not less than 120 days prior to the end of the base term of the Lease of the Units, and such option may only be exercised if the Lease has not been earlier terminated and Lessee is not in default under the Lease.

Fair Market Value shall be determined on the basis of and shall be equal to the price which would obtain in an arm's length transaction between an informed and willing buyer (specifically excluding a used equipment dealer) and an informed and willing seller, under no compulsion to sell and on the assumption that the Units will, at the end of the Lease term, be free and clear of all liens and encumbrances, and be in the condition as would be required upon the return of the Units pursuant to Section 20 of the Lease; and in such determination, costs of removal from the location of current use shall not be a deduction from such value. If Lessor and Lessee are unable to agree upon a determination of the Fair Market Value of the Units within 20 days after any such notice of exercise has been received by Lessor, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser as Lessor and Lessee may mutually agree upon, or failing such agreement, The American Appraisal Company, Milwaukee, Wisconsin, or its successors. The Appraiser shall be furnished with a copy of the Lease and be instructed to make such determination on the basis set forth herein within a period of

20 days following appointment, and shall promptly communicate such determination in writing to Lessor and Lessee. The expenses of the Appraiser shall be borne by Lessee.

SECTION 22. Recording. Lessee shall at its expense promptly cause this Lease and the Conditional Sale Agreement to be filed and any assignments hereof or thereof, and any supplements hereto or thereto, to be filed and recorded with the Interstate Commerce Commission in accordance with Title 49, Section 11303 of the United States Code, and Lessee shall at its expense promptly from time to time do and perform any other act and execute, acknowledge, deliver, file, register, record and deposit (and refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of proper protection, to the satisfaction of counsel for Lessor, of Lessor's ownership interest and Assignee's security interest in the Equipment and the rights under this Lease or for the purpose of carrying out the intention of this Lease; and promptly after each such filing, upon request of Lessor, an opinion or opinions of counsel for Lessee with respect thereto, in each case satisfactory to Lessor.

SECTION 23. Survival of Covenants. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 4, 6, 15, 16, 17, 18, 19 and 20 hereof shall survive the expiration or termination hereof.

SECTION 24. Notices. Any notice permitted or required to be given by either party hereto to the other shall be deemed to have been given when personally delivered or delivered to a United States post office first-class postage prepaid or to a telegraph office addressed as follows:

If to the Lessor: CIS Leasing Corp.
445 Washington Street
San Francisco, CA 94111

Attention: Mr. Stephen C. Bieneman

If to Lessee: Missouri-Kansas-Texas Railroad Company
701 Commerce Street
Dallas, Texas 75202

Attention: Mr. Karl R. Ziebarth

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Any notice hereunder to any assignee of Lessor or of Lessee shall be deemed to be properly served if delivered or mailed certified or registered mail, return receipt requested, to such assignee at such address as may have been furnished in writing to Lessor or Lessee, as the case may be, by such assignee.

SECTION 25. Section Headings. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

SECTION 26. Law Governing. This Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the law of the State of California; provided, however, that any remedies herein provided which shall be valid under the law of the jurisdiction where proceedings for the enforcement hereof shall be taken shall not be affected by any invalidity thereof under the law of the State of California; and provided, further, that the parties shall be entitled to all rights conferred by Title 49, Section 11303 of the United States Code.

SECTION 27. Successors and Assigns. Subject to the provisions of Section 18 hereof, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee, and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 28. Certain Applicable Laws. Any provision of this Lease which is prohibited or unenforceable under the applicable law of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any other jurisdiction. Where, however, the provisions of any such applicable law may be waived, they are hereby waived to the full extent permitted by law, to the end that this Lease shall be deemed to be a valid and binding agreement enforceable in accordance with its terms.

SECTION 29. Modification. No variation of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of Lessor and Lessee.

SECTION 30. Execution. This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Lease is dated for convenience as of the date first above written, the actual date or dates of execution hereof by the

parties thereto is, or are, respectively, the date or dates stated in the acknowledgements annexed hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be duly executed as of the day, month and year first above written.

CIS LEASING CORP.

By: 

Its: VP

MISSOURI-KANSAS-TEXAS RAILROAD COMPANY

By: 

Its: V.P.

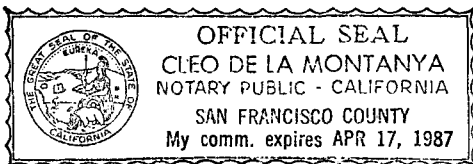
Attest:


Secretary

STATE OF)
) SS
COUNTY OF)

On this 28th day of March, 1984, before me, Cleo De-La Montanya, a Notary Public of said State, duly commissioned and sworn, personally appeared Stephen R. Harwood to me personally known, who by me being duly sworn, says that he is a President of CIS Leasing Corp., a New York corporation, and that the foregoing instrument was signed on behalf of said corporation for the purposes and consideration therein expressed, and as the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.



Cleo De La Montanya
Notary Public

My Commission Expires:

STATE OF)
) SS
COUNTY OF)

On this 29th day of March, 1984, before me, Virginia A. Schoeneberger, a Notary Public of said State, on this day personally appeared Karl R. Ziebarth, known to me to be the person whose name is subscribed to the foregoing instrument, and known to me to be a Vice President of Missouri-Kansas-Texas Railroad Company, a corporation, and acknowledged to me that he executed said instrument for the purposes and consideration therein expressed, and as the free act and deed of said corporation.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal the day and year in this certificate first above written.

Virginia A. Schoeneberger
Notary Public

Virginia A. Schoeneberger

My Commission expires 3-24-86

SCHEDULE A

EQUIPMENT DESCRIPTION

<u>Type</u>	<u>Quantity</u>	<u>Reporting Marks</u>
60 foot, 100 ton, cushioned	30	MKT - 8802 8826 8839
underframe RBL insulated rail-		8804 8828 8841
cars, equipped with two move-		8806 8829 8842
able bulkhead loading devices.		8810 8830 8843
Originally built in 1968.		8812 8831 8844
		8813 8832 8846
		8814 8833 8849
		8820 8834 8850
		8821 8835 8854
		8823 8837 8858

SCHEDULE B

RENTAL PAYMENTS

All rental payments hereunder during the term hereof shall be in accordance with the following schedule:

	<u>PER DIEM</u>	<u>PER QUARTER</u>
Each Unit	\$ 4.80	\$438.21

The above rentals are based on an assumed long-term debt rate of 13.875%, Lessee acknowledges that the participation of CIS Rail Corporation in this transaction is as an interim lender and that CIS Rail Corporation intends to assign the Conditional Sale Agreement to an institutional lender in connection with a non-recourse loan (the "permanent financing") to CIS Rail Corporation from such institutional lender. If the debt rate for the permanent financing is different from 13.875%, then the above rental rates will be adjusted. For example, if the permanent financing debt rate is 14.00%, the quarterly rental payment per Unit will be \$440.10.

The above quarterly rental per unit shall be paid on the dates shown on Schedule C hereof commencing June 30, 1984 and ending September 30, 1992.

SCHEDULE C

<u>RENTAL PAYMENT NUMBER</u>	<u>DATE</u>	<u>CASUALTY VALUE PER UNIT</u>
1	6/30/84	\$9,450.00
2	9/30/84	9,259.09
3	12/31/84	9,068.18
4	3/31/85	8,877.27
5	6/30/85	8,686.36
6	9/30/85	8,495.45
7	12/31/85	8,304.54
8	3/31/86	8,113.64
9	6/30/86	7,922.73
10	9/30/86	7,731.82
11	12/31/86	7,540.91
12	3/31/87	7,350.00
13	6/30/87	7,159.09
14	9/30/87	6,968.18
15	12/31/87	6,777.27
16	3/31/88	6,586.36
17	6/30/88	6,395.45
18	9/30/88	6,204.54
19	12/31/88	6,013.64
20	3/31/89	5,822.73
21	6/30/89	5,631.82
22	9/30/89	5,440.91
23	12/31/89	5,250.00
24	3/31/90	5,059.09
25	6/30/90	4,868.18
26	9/30/90	4,677.27
27	12/31/90	4,486.36
28	3/31/91	4,295.45
29	6/30/91	4,104.54
30	9/30/91	3,913.64
31	12/31/91	3,722.73
32	3/31/92	3,531.82
33	6/30/92	3,340.91
34	9/30/92	3,150.00